

## CHANGES / UPDATES FOR 2002-03

### **Summary of Changes / Updates highlighted throughout the document and including the following:**

1. General changes are found throughout the document and include:
  - Effective August 4, 2002, *N.J.A.C. 6:19* (CEIFA) was repealed and readopted with revisions as Subchapter 8 of *N.J.A.C. 6A:23* (Finance and Business Services).
  - Assembly Bill No. 3521 was approved as P.L. 2003, c.97 on June 23, 2003, and states that in the event a State school aid payment is not made until the following school budget year the last state aid payment shall be recorded as revenue for budget purposes only in the current school budget year. GASB 33 clarifies revenue recognition for non-exchange revenue transactions, which encompasses state aid revenue. Since the legal mandate differs from the General Accepting Accounting Principals (GAAP) revenue recognition, a year end reconciliation of the budgetary comparison statements/schedules for both the General and Special Revenue funds to the GAAP funds statements will be required.
  - The excess surplus calculation is to be filed as part of the Auditor's Management Report instead of the Audit Questionnaire.
  - The Audit Questionnaire is no longer a required submission, except for Abbott districts.
2. Specific Changes are found in the following sections/chapters:

#### Section I-1

- Merged the listing of actions and documents to have ready for the audit into Section 3, Chapter 6, Audit Checklist for Board Secretary/Business Administrator.

#### Section I-4

- Effective August 4, 2002 under *N.J.A.C. 6A:23-8.6(b)*, budget transfers cannot bring surplus below 3% unless approved by the county superintendent.
- Clarified that transfers of surplus to capital reserve must be made by June 30.

#### Section I-5

- Clarified disqualification of a bidder due to prior negative experience.
- New topic on Energy Services Contracts.

#### Section I-8

- New note in disclosures regarding adjustment of final state aid payment.

#### Section II-10

- Investments – clarification of districts' permissible investments; description of Governmental Unit Deposit Protection Act (GUDPA); update pertaining to GASB 40, Deposits and Investment Risk Disclosures, effective for 2004-05 fiscal year.

- Required Maintenance – additional audit procedures and updated Schedule of Required Maintenance (included third year and deleted Other Maintenance and Grand Total not required by regulations).
- Effective August 4, 2002 under N.J.A.C. 6A:23-8.5(f), a district may accept donations for a specific purpose stated in a separate proposal that was defeated by the voters and not restored.
- Clarification of unexpended capital reserve funds remaining after completion of a project.
- Guidance on excess surplus calculation using budget statements/schedules and general fund transfers to be included in general fund expenditures.
- Emphasis on tuition reserve for sending receiving relationships only.

#### Section II-20

- Clarification of state aid allocations for DEPA when a new school opens.

#### Section II-30

- New section discussing various borrowing options/mechanisms.
- Notification by NJDOE to Inspector General if a district overexpends a capital project.
- Recording lease purchase agreements involving issuance of certificates of participation (COPS) is no longer applicable, except for COPS issued prior to July 18, 2000.

#### Section II-50

- Changes per NJ Dept of Agriculture, including updated memos list.

#### Section II-60

- Updated Unemployment Compensation per NJ Dept of Labor for effective dates.

#### Section II-90

- Effective July 12, 2002, school districts may refund their ERIP liability with bonds.

#### Section III-1

- Filing of audit reports: NJ Dept of Agriculture no longer requires entire CAFR package; the CAFR package is to be submitted to the NJ DOE Office of Compliance, Single Audit Unit.

#### Section III-2

- New auditor opinion report for GASB 34 statements, effective when GASB 34 is implemented.

#### Section III-3

- Updated note disclosures describing the basis used for the basic financial statements and the budgetary comparisons and differences due to last state aid payment.
- Included source references for updating note disclosures relating to GASB 34 and GASB 38.
- Revised sample note on Post-Retirement Benefits and Deficit Fund Balances.

Section III-4

- Excess surplus calculation is now included in the Auditor's Management Report (AMR) since the Audit Questionnaire is no longer a required submission, except for Abbott districts or upon request.
- Revised food service sample findings.
- Revised rates on Schedule of Meal Count Activity.

Section III-6

- Updated Board Secretary/Business Administrator's Audit Checklist for SEMI compliance and merged "documents to have ready for the audit" from Section I-1 into this Checklist.
- Updated Auditor's Questionnaire to include questions on SEMI compliance.